M'ADOO WOULD TAX STOP UNDERSEA ALL \$3,000 INCOMES

Opposes Withholding at Source to Reduce the Expense of Collection.

TOO MANY ESCAPE NOW

WASSINGTON, Dec. S .- Secretary Mc-Adoo in his annual report to Congress sends several important amendats to the income tax law. He urges, for one thing, that the law be amended so that each person having a gross inme of \$3,000 or more for the taxable year shall be obliged to make a return.

Year shall be obliged to make a return. Under the existing law each person with a net froome of \$3,000 a year is obliged to file a return.

The Secretary objects that the law in its present form allows the tampayer to determine for himself whether his net imcome falls within the \$3,000. He believes a change in the law will result in eatching many incomes that escape now. The recommendation of the most far reaching importance, however, is that The recommendation of the most far reaching importance, however, is that the practice of withholding the tax at the source be done away with. This is the feature of the law that has been most severely criticleed, especially by corporations, which contend that they have been put to a heavy expense in collecting the Government's taxes.

Mr. McAdoo recommends that, in place of the withholding at the source, there he substituted a system requiring information at the source as to the tax-able incomes. He adds, however, that exceptions should be made in the case of non-resident allens, whose tax should be withheld at the source.

Accompanying the Secretary's report is a leng list of proposed amendments be the law as recommended by a committee appointed by the Commissioner of Internal Revenue. Many of these are unimportant, but others will have a very sensiderable effect on the administration and angeogeness of the law.

unimportant, but others will have a very sensiderable effect on the administration and enforcement of the law.

One important amendment strikes out all of paragraph four in subdivision E bad inserts in lieu thereof the following:

"Nothing in this section shall be construed to release a taxable net income est any person from liability for income tax, nor shall any contract entered into after this act takes effect be valid in regard to any Federal income tax imposed upon the income of any person."

It is the purpose of this amendment to indicate more clearly the requirements of law relative to the withholding and payment of the tax on income derived from bonds and other similar securities containing a tax free covenant. and payment of the tax on income derived from bonds and other similar securities containing a tax free covenant.

Another amendment adopted seeks to simplify the definition in the present act of net income. Several other amendments are suggested which are intended to clerify the present ich are intended to clerify the presen

CRITICS OF PORK BILLS THEMSELVES ASSAILED

Secretary Redfield Tells River and Harbor Congress to Avoid Taint.

Washington, Dec. 8.—Critics who label river and harbor appropriation balls as "pork barrel" measures were themselves denounced by speakers at the twelfth National River and Harbor Con-

Secretary Redfield told the delegates

bora."

Col. C. M. Townsend, U. S. A., said that one difficulty in the way of waterway development was that the trend of growth in the United States was along matural allowed lines and not along natural vessel was given.

Subsequently the American cruiser Subsequently the American cruiser

railroad lines and not along natural streams.

Sanator Ransdell, who presided, said Congress could not afford to appropriate money to beat down railway rates and money to beat down railway rates and proposed a law authorising the Interstate Commerce Commission to fix minimum as well as maximum rates to prevent the railroads from driving steambeat lines out of business.

In other speeches there was a pronounced sentiment in favor of making water and rail transportation cooperative instead of competitive.

The convention will be in session until Friday.

UTICA MAYOR IS UPHELD.

But Republicans Will Appeal Again in Election Case.

UTICA, Dec. 8.—The unanimous decision to-day by the Appellate Division at Rochester affirming an order directing the Oneida county board of canvassers to correct the vote cast in one of the election districts of this city at the last election and issue a certificate of reelection to Mayor James D. Smith, Democrat, will not terminate the fight of the Republicans in behalf of their candidate, John G. Thomas.

The Republicans will take the case

to the Court of Appeals to determine whether Mayor Smith was reelected by a plurality of 14 votes or Mr. Thomas by 31 plurality.

SUN YAT-SEN IN REBEL PLOT.

Shanghat Officials Seize Commissions Signed by Him.

Shanghai, Dec. 8.—At the trial to-day of the rioters arrested in connec-tion with the Chaoho affair on Sunday last testimeny was given that com-missions signed by Sun Yat-sen, the rebel leader, were left behind on the training ship by the rioters.

These were seized by the Chinese of-ficials who boarded the Chaoho.

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ATTACKS, NOTE TELLS AUSTRIA

Continued from First Page

opened fire with her guns on the life-boats, in which the passengers were try-ing to escape. Within a few days after the attack the Austrian Admiralty gave out a contrary version of the attack, which was sent to Washington by Am-bassador Penfield.

According to this version Austria di not hesitate to admit that the attack was made by an Austrian submarine.

According to this version Austria did not hesitate to admit that the attack was made by an Austrian submarine, but it was added that the liner had tried to escape after being warned. It was also intimated that the casualites were due to a panic on board the vessel. In view of this statement, which, the Admiralty said, was based on information obtained from the submarine commander, the State Department was at a loss a week later to understand a despatch from Ambassador Penfield stating that his formal inquiries had not been replied to because the Austrian Government, finding it difficult to communicate with the commander of the submarine, desired more time.

While the State Department has only the vaguest reports on the submarine attacks on the American oil tankers Petrolite and Communipaw in the Mediterranean, and while these reports do not contain essential details as to whether the vessels were warned and tried to escape, enough is in hand to infolioate that Austria has launched a submarine campaign against unarmed merchant ships.

For this reason it is believed that the United States has decided not to wait for another Lusitania affair before filing a vigorous protest and demanding of Austria the same assurances exacted of Germany.

No Pledge Prom Austria.

Up to the present time the United States has had nothing from Austria to indicate whether she subscribes to the to indicate whether she subscribes to the rules laid down by Germany in her response to American demands, whereby the lives of non-combatants and neutrals may be safeguarded in submarine attacks.

Moreover, it was admitted to-day that except in so far as Count von Bernstorff, the German Ambassader, was able to

except in so far as Count von Bernstorn, the German Ambassador, was able to pledge his Government in the personal note which he sent to Mr. Lansing on the Arabic ease, the German Government itself has in no formal way replied to the last note of the United States on submarine warfare. marine warfare.

It was recalled this evening that the

note from the Ambassador to the Secre-tary of State, and while it has been assumed that the Ambassador spoke with the authority of his Government in declaring that German submarines henceforth would not attack unarmed merchant ships without warning and without opportunity for those on board to escape, there is still left to be granted the American contention that the merc the American contention that the mere placing of men and women in open life-boats at sea does not fulfil the obliga-tion to "place the passengers and crew in places of safety."

Came Up in Prye Case.

This latter contention was set forth in the last note of the United States to Germany on the Frye case, in which the United States agreed to submit the ques-tion of indemnity to arbitration, but

Secretary Redfield told the delegates bassador Gerard at Berlin the resume of that the weakness of their cause lay Germany's coming reply to this question. In the habitual but untruthful use of the The reply itself is coming by mail. What word "pork." He told them their cause this regume contains Secretary Lansing was bigger than any district and must refused to state, but it is understood that be kept free of taint of "pork" if it is to it was not satisfactory.

James H. Davidson, former Repre-play a part in influencing the Govern-

James H. Davidson, former Representative, and Representative, and Representative Bennet of New York both denounced press attacks on river and harbor bills. Mr. Bennet said New York harbor would be much less congested and The Bronx and other sections would experience a tremendous increase in industry if the project proposed in 1913 for the deepening of the channel of the East River were carried out.

Commissioner Smith of the Department of Docks of New York addressed the convention on "Our Seaboard Harbors."

Col. C. M. Townsend, U. S. A., said that one difficulty in the way of waterway development was that the trend of growth in the United States was along railroad lines and not along natural streams.

of December 3. The position of the vessel was given.

Subsequently the American cruiser Des Moines reported from Canea, Crete, having received a message from the Petrolite stating that she had been shelled on Sunday morning by an Austrian submarine, but indicating that she had escaped. Her position as given to the Des Moines was different from that set forth in Minister Dropper's report.

In the abscence of further details Secretary Lansing is waiting for the Petrolite to make some port in order that he might get a full report. She is reported bound for New York.

Regarding the Communipaw evan greater confusion exists. Ambassador Thomas Nelson Page at Rome first reported:

"American vessel held to be Communipaw sunk by submarine."

To-day the Ambassador simply reported:

"American steamer Communipaw held to be captured. Taken to an unknown port."

These conflicting statements, coupled



oughly drained wooden court. Our chef is famed ability—our service is of the type un-surpassed by even the finest known South-

On the other hand it was admitted these ships if actually delivering their cargoes direct to the Alkies' fleet would take on the character of tenders and hence ships of war, and that not only would they be lawfully subject to attack under any circumstances but their owners would be guilty of violating American neutrality laws.

owners would be guitty of violating American neutrality laws.

What reply Austria is likely to make to the demand for satisfaction in the Ancona case is a matter of grave concern in view of the strained relations growing out of the recall of Ambassador Dumba and the refusal of the United States to respond favorably to Austria's protest against the traffic in arms and munitions between this country and Austria's enemies.

DETROIT UP IN ARMS OVER WILSON TAX PLAN

Auto and Stove Makers Say Proposed Levies Would Seriously Hurt Industries.

DETROIT, Dec. 8 .- If President Wilson's ax suggestions, as outlined in his message to Congress, are enacted into laws. Detroit, the centre of the great automo bile and stove industries, is in for the hardest blow the city ever experienced. The whole State of Michigan will feel it. in the estimation of this city's foremost usiness men. "Discrimination of the rankest kind."

ch the is what the many automobile manufac-turers consider the proposed taxes on motor cars, motors and gasolene. "Ab-solutely breaking of faith with both banks and the public," is charged to the

of Michigan with confidence.

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Annual Report Is Pæan of Prosperity, Although Pointing Out Need for Increased Revenues to Meet Defence and Other Projects.

to Congress. He does not minimize the unwholesome effects of the war, but re-fers to our industrial situation as having

been "for a time seriously hurt."

"I believe that it was not inexact to say," he adds, "that but for the active agency of the Government in protecting and conserving the business interests of the country during that critical period at the country during the critical period at the country during the critical period at the country during that critical period at the country during the c me country during that critical period grave disaster would have resulted."

Mr. McAdoo incorporates special reports made to him by R. G. Dun & Co., Henry E. Dunn of the Bradstreet Company and President Babson of the Babson Statistical Organization. These three reports are unanimous in the coulons that reports are unanimous in the opinion that a nationwide business boom bids fair to continue until larger stretches of pros-

perity have been attained.

The Secretary recommends important changes in the income tax law, one of them being that the present burdensome method of collecting the tax at the ource be done away with.

Secretary McAdoo's Report.

The Secretary's report says in part : The Secretary's report says in part:
"It must be a source of profound satisfaction to the people of the United
States, regardless of political affiliations,
to contrast the conditions to-day with
those prevailing in this country in December, 1914. Then the country was
just recovering from the terrific shock
of the European disaster. We had gone
through months of serious, if not critical,
experiences. A countrywide panic of

of the European disaster. We had gone through months of serious, if not critical, experiences. A countrywide panic of appalling proportions was threatened but averted. We had emerged with our credit not only unimpaired but strength ened.

"The railroad situation shows extraordinary improvement and strength. Increases in gross and net earnings have been marked, in some cases being above the highest point ever before recorded. As recently as June 1, 1915, there were 300,000 idle cars with a corresponding new equipment. A summary of a recent statement shows that the railroads have placed orders in the months of September and October for 683,500 tons of rails, 260 locomotives, 18,000 freight cars, 60 passenger cars, besides lumber and fab. 100,000 feetbeaches and more which must be received and iron, valued at more which must be received and iron, valued at more which must be received in the income tax from corporations is due, in large measure, to the effect of the European war, which has reduced the operations of some of our largest corporations in the belligerent countries of Europe, and also to the disturbances in Mexico, which have had a similar effect upon some of our large corporations doing business in that country, and also to the veffex action upon our own domestic situation occasioned by the measure and the existing duty on raw sugars can be continued with advantage.

New Forms of Taxation.

"This being done, we now have to consider the new forms of taxation which must be received to the income tax from corporations is due, in large measure, to the effect of the European war, which has reduced the operations of some of our largest corporations in the belligerent countries of Europe, and also to the effect of the European war. Which has reduced the operations of some of our largest corporations in the belligerent countries of Europe, and also to the effect of the European war. Which has reduced the operations of some of our largest corporations in the belligerent countries of Europe, and also to the effec passenger cars, besides lumber and fab-ricated steel and iron, valued at more than \$48,000,000. In the basic industry of iron and steel the conditions are phe-nomenal. This great industry is said to be on a veritable boom. Every blast furnace in the country is in operation or is preparing to go into operation, and the demand for steel and iron products has so broadened that the mills through-out the country are working to full ca-pacity."

tion of indemnity to arbitration, but asked what Germany's course would be varied by the safe of the safe and farbor appropriation "pork barrel" measures were as denounced by apeakers at the National River and Harbor Commich convened here to-day, ary Redfield told the delegates weakness of their cause lay blittal but untruthful use of the ork." He told them their cause lay cliff the told them their cause tree of taint of "pork" if it is to the of the told them their cause tree of taint of "pork" if it is to the delegaters, and Representative Bennet of the bark checks.

H. Davidson, former Representative Bennet of the Davidson, former Representative Bennet of the both denounced press attacks and harbor appropriation of indemnity to arbitration, but asked what Germany's course would be valued by the sale of the two the the solutely breaking of faith with both denounced by apeakers at the solutely breaking of faith with both the banks and the public," is charged to the doministration in the banking circles the proposed stamp tax on because of the proposed stamp tax on the contraband list gave the President's proposals is openly expressed.

In Detroit, one of the greatest of the proposed stamp tax on the contraband list gave the President's proposals is openly expressed.

The reply itself is coming by mail. What it is understood that it was not satisfactory.

H. Davidson, former Representative Bennet of the Davidson, former and tax the public, "is charged to the daministration in the banking circles the proposed stamp tax on the contraband list again because of the proposed stamp tax on the contraband list again the contraband content in the banks and the public, "is charged to the form the said of the Southern oction of the said of the Southern oction of the proposed stamp tax on the contraband list agave to provide for its necessities out of the Panama Canal. Even as to the Panama Canal expenditures from the proposed stamp tax on the contraband list again the contraband list again the contraband contraband in the

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so on for .

Washington, Dec. 8.—A prean of prosperity is the leading feature of the annual report of the Secretary of the Treasury, made public to-day. The first several pages are devoted entirely to comment on improved business conditions and a historical account of the steps by which the Wilson Administration through the Treasury Department and Federal Reserve Board has aided in bringing about these conditions.

At the outset the Secretary contrasts conditions with those of a little over a year ago, when he wrote his last report to Congress. He does not minimize the unwholesome effects of the war, but for the production of steps of the war, but for the production of our own mines, including those in Alaska, for the calendar year 1914 totalled \$84,521,800, an increase of \$5,647,400 over the year 1915.

of nearly 100 a month. The total net premiums received by the bureau amounted to \$2,127,976.70.

The losses paid aggregate \$744,128, being for the Evelyn, Carib, Greenbrier, William P. Frye, and certain Navajocargo. Salvage of \$48,143.65 has been received on account of the Evelyn, however, making the net losses \$695,984.32. The net losses paid deducted from the premiums received—\$2,127,976.70—leave a surplus of premiums received of \$1,-431,992.38.

Increase in Income Tax.

"For the fiscal year ended June 80, 1915, the total receipts from personal income tax were \$41,046,162.09, an increase of \$12,792,627.24 over the preceding year. The total receipts from corporation income tax for the fiscal year ended June 30, 1915, were \$39,144,531.71, a decrease of \$3,983,208.18. The increase in the personal income tax receipts was due in great measure to the fact that the collections for the fiscal year 1915 were collections for the fiscal year 1915 were for a period of twelve months, whereas the collections for the fiscal year 1914

consider the new forms of taxation which must be resorted to for the purpose of providing the additional revenues required, the major part of which is needed to carry out the enlarged programme for national defence. The total amount so required for the year 1917 is \$112,806,394.22, including \$25,000,000 of expenditures for the Panama Canal in each of the years 1916 and 1917. If the canal expenditures for both years are to be financed by bonds, the additional revenue required would be \$62,806, 394.22.

"I believe that no part of these ex-

Treasury of \$50,000,000), can easily be raised by internal taxation without ap-preclable burdens upon the American

people.
"It is respectfully suggested that consideration may well be given to an increase in the rate of taxation on indi-

Prosperity, Although Pointeased Revenues to Meet

Other Projects.

It is foreign exchange market caused large exports of gold to beligrerent countries in September. November, December, 1914, and January, 1915, the ball ance of trade began early in the present calendary year to favor the United States and increased until, in November, it amounted to more than a billion and a half dollars. Our stock of gold coin and bullion increased from \$1,805,876, 656 on January 2, 1915, to \$2,198,113,-762 on Nov. 1, 1915, by far the largest by sny one country. It is interesting to note that the production of our own mines, including those in Alaskas, for the calendar year 1914 totalled \$84,521,800, an increase of \$5,647,400 over the year 1918.

"From Sept. 2, 1914, to Nov. 10, 1915—salightly over fourteen months—policies have been written on war risks aggregating \$39,245,052. The total number of policies written on war risks aggregating \$39,245,052. The total number of policies written was 1,283, or an average of nearly 100 a month. The total net premiums received by the bureau damounted to \$2,127,876.70.

"The losses paid aggregate \$744,128, being for the Evelvyn Carth Greenburst." ury in addition to the gold reserve fund of \$152,977,986 included \$1.173,708,989 in gold coin and builton, \$493,459,000 in silver dollars and \$2,254,000 in silver dollars of 1890.

Magdalen Home in \$100,000 Can

Announcement of a thirty day can-vass to raise \$100,000 was made yes-terday at a meeting of the board of managers of the New York Magdalen Home, a private institution at Inwood on the Hudson, to which girls are com-mitted by the Magistrates of the Woman's Night Court. The actual can-vass will begin on Saturday, DecemTHE OLD RELIABLE

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HUNTINGTON HOME ROBBED.

Away With \$400 Vase.

Representing himself as a detective from Police Headquarters a men entered the Fifth avenue home of H. E. Huntington, nephew of the late Collis P. Huntington, a few days ago, suggested that the valuable art collection be more closely guarded and sauntered out of the house. Later a vase valued at \$400 was missing from the collection.

More than 600 sleuths of the Police Department were lined up in Headquarters yesterday and looked over by the servants in the Huntington home. None

of the men could be identified as the thief. The robbery was not made known until yesterday. Two servants said the man acted with such indifference and authority that they did not hesitate to let him in.

Preparedness for Christmas



Mary Roberts Rinehart

The Family Friend

TIRST of a new series of the younger set, full of flirtatious flappers, pretty débutantes and droll situations. Mrs. Rinehart is at her best in these jolly stories of the younger set, its escapades and its love affairs.

Irvin S. Cobb Christmas Presents

In giving and getting Christmas gifts the author is your fellow victim. In sleuthing down the man who put the X in Xmas, Mr. Cobb says:

Sometimes I think a man-a married man with extensive domestic obligations-is not to be blamed for thinking of Santa Claus as an elder'y porch climber with many aliases and a bad record, a corrupt old offender speaking with a Low-Dutch accent and wearing an Andrew Carnegie make-up of white whiskers, who comes forth on Christmas Eve with his sleigh empty and goes back home again on Christmas morning laden with loot wrested from weakminded male adults.

Samuel G. Blythe The Machineonian Cry

Come Over Into Machineonia and Help Us! cry the Old Guard of the Republicans. We want-must have-a good, strong man for 1916.

Mr. Blythe has been looking over the possibilities who may respond to the cry of the Old Guard, and in this article appraises them all and sets down their political assets and liabilities.

Other Features in This Number

Lo, the Poor Piute, a laugh story of the races, by Charles E. Van Loan; The Slacker, a love story, by W. B. Trites; The Blue Sky Company, by Will Payne; In Winter Quarters, Reminiscences of the Circus, by L. B. Yates; and Is Germany Hungry? by an American just back from Berlin.

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